

Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Leg. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Leg. Budget Fiscal 2005	Total Leg. Budget Fiscal 04-05
FTE	109.05	0.00	2.50	111.55	0.00	2.50	111.55	111.55
Personal Services	3,543,375	967,391	134,826	4,645,592	968,829	243,399	4,755,603	9,401,195
Operating Expenses	2,236,399	376,594	217,365	2,830,358	389,982	217,364	2,843,745	5,674,103
Equipment	148,511	66,800	0	215,311	66,800	0	215,311	430,622
Grants	3,066,490	350,000	2,007,278	5,423,768	350,000	0	3,416,490	8,840,258
Transfers	80,000	0	0	80,000	0	0	80,000	160,000
Debt Service	0	0	0	0	0	0	0	0
Total Costs	\$9,074,775	\$1,760,785	\$2,359,469	\$13,195,029	\$1,775,611	\$460,763	\$11,311,149	\$24,506,178
General Fund	730,339	(8,686)	(99,809)	621,844	(42,857)	(60,138)	627,344	1,249,188
State/Other Special	7,156,170	1,345,354	196,514	8,698,038	1,388,630	250,344	8,795,144	17,493,182
Federal Special	946,465	345,709	2,261,264	3,553,438	350,118	263,308	1,559,891	5,113,329
Proprietary	241,801	78,408	1,500	321,709	79,720	7,249	328,770	650,479
Total Funds	\$9,074,775	\$1,760,785	\$2,359,469	\$13,195,029	\$1,775,611	\$460,763	\$11,311,149	\$24,506,178

Agency Description

The Department of Agriculture, required by Article XII, Section 1, of the Montana Constitution, was established to encourage and promote the interests of agricultural and allied industries in Montana. To this end, the department:

- Strengthens and diversifies the Montana agriculture industry through private-public partnerships
- Collects and publishes agricultural production and marketing statistics relating to agricultural products
- Assists, encourages, and promotes the organization of farmers institutes, agricultural societies, fairs, and other exhibition of agriculture
- Adopts standards for grade and other classifications of farm products
- Coordinates the planning and maintenance of economical and efficient marketing distribution systems
- Gathers and distributes marketing information concerning supply, demand, price, and movement of farm products
- Regulates production and marketing of food and fiber products
- Registers pesticides and fertilizers and enforces laws pertaining to them

Summary of Legislative Action

Department of Agriculture Major Budget Highlights	
<ul style="list-style-type: none"> ○ The legislative budget eliminates general fund support for the Apiary Program within the Agricultural Sciences Division and replaces it with state special revenue authority. This action implements HB 62, which modifies the fee structure for apiary registration, and makes the program self-sufficient ○ Fund switches are used to remove general fund from the Pesticide Program and to cover indirect charges for the State Grain Laboratory ○ The legislative budget carries through Growth Through Agriculture funding from the coal severance tax shared account at the fiscal 2002 levels ○ The legislative budget includes a reduction of approximately \$18,000 general fund over the biennium, which represents the department's share of a statewide personal services reduction 	

The legislature added 2.50 FTE and \$6.4 million over the fiscal 2002 base to the Department of Agriculture. Of this total, \$2.6 million was for new proposals, including:

- \$2.0 million in federal funds for pass-through weed management grants
- \$600,000 in federal funds for various grants within the Agricultural Sciences Division

The remaining increase is associated with present law adjustments, including statewide present law adjustments for funding of authorized FTE and inflationary adjustments; increased state special revenue to accommodate expected grants within the Noxious Weed Program; increased state special revenue for projected expenditures within the State Grain Laboratory; increased federal special revenue to accommodate anticipated federal funding levels; and additional state special revenue funding to reestablish funding for the Organic Certification Program.

The legislature reestablished funding for 1.50 FTE associated with the Organic Certification Program. These FTE had been funded as one-time-only by the 2001 legislature and were therefore not included as part of the 2002 base. The legislature also added 1.00 FTE funded with federal funds for a USDA Cooperative Agricultural Pest Survey.

Funding

The following table summarizes funding for the agency, by program and source, as adopted by the legislature. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2005 Biennium Budget						
Agency Program	General Fund	State Spec.	Fed Spec.	Proprietary	Grand Total	Total %
Agricultural Sciences Div.	\$ 204,303	\$ 10,078,993	\$ 4,547,329	\$ -	\$ 14,830,625	60.5%
Agricultural Development	683,406	6,259,989	440,000	534,563	7,917,958	32.3%
Central Management Division	361,479	1,154,200	126,000	115,916	1,757,595	7.2%
Grand Total	\$ 1,249,188	\$ 17,493,182	\$ 5,113,329	\$ 650,479	\$ 24,506,178	100.0%

Other Legislation

House Bill 31 - HB 31, among other changes, increases the fees for registration of fertilizer products. It is estimated this fee increase will result in an increase of state special revenue into the commercial fertilizer account of \$12,100 each year, and will be offset by increased expenditures of a like amount. The legislature added \$12,100 in state special revenue authority for the anticipated increase in expenditures.

House Bill 62 - HB 62 changes the laws for registration and inspection of Apiary (honey bee) sites, and creates a state special revenue fund to collect registration and inspection fees. The legislature removed all general fund from the program (\$96,207 over the biennium) and replaced it with state special revenue, with the intent of making the Apiary Program self-supporting.

House Bill 420 - HB 420, among other changes, decreases the fee paid by commercial applicators, pesticide dealers, and government agencies for the waste pesticide and pesticide container collection, disposal, and recycling program. It is estimated that revenues into the pesticide management state special revenue fund would be decreased by approximately \$35,000 over the biennium.

House Bill 608 - HB 608 addresses the government-to-government relationships between the state and the tribes of Montana, and provides for training and an annual meeting between the tribes and appropriate agencies. It is assumed that any additional operating costs will be absorbed within existing agency budgets. It is estimated that the Department of Agriculture's share of increased operating costs will be approximately \$1,500 general fund each year.

Senate Bill 22 - SB 22 establishes maximum licensing fees for the Agricultural Seed Program and allows the department to set the fees by rule. It is estimated that revenue into the seed account state special revenue fund will be increased by approximately \$14,000 over the biennium.

Senate Bill 115 - SB 115 extends the statutory appropriations for several programs, including the Growth Through Agriculture Program. These programs, which were to sunset at the end of fiscal 2005, were extended for five years, through fiscal 2010. The amount of the Growth Through Agriculture Program, currently \$1.25 million annually, was not changed.

Senate Bill 213 - SB 213 increases the maximum assessment on wheat and barley production collected by the department. It is estimated that revenues into the wheat and barley research and marketing state special revenue fund will increase by approximately \$3.8 million over the biennium.

Agency Budget Comparison								
Budget Item	Base Budget Fiscal 2002	Executive Budget Fiscal 2004	Legislative Budget Fiscal 2004	Leg – Exec. Difference Fiscal 2004	Executive Budget Fiscal 2005	Legislative Budget Fiscal 2005	Leg – Exec. Difference Fiscal 2005	Biennium Difference Fiscal 04-05
FTE	109.05	111.55	111.55	0.00	111.55	111.55	0.00	
Personal Services	3,543,375	4,621,335	4,645,592	24,257	4,622,508	4,755,603	133,095	157,352
Operating Expenses	2,236,399	2,778,236	2,830,358	52,122	2,678,940	2,843,745	164,805	216,927
Equipment	148,511	240,311	215,311	(25,000)	215,311	215,311	0	(25,000)
Grants	3,066,490	5,392,664	5,423,768	31,104	3,385,386	3,416,490	31,104	62,208
Transfers	80,000	0	80,000	80,000	0	80,000	80,000	160,000
Debt Service	0	0	0	0	0	0	0	0
Total Costs	\$9,074,775	\$13,032,546	\$13,195,029	\$162,483	\$10,902,145	\$11,311,149	\$409,004	\$571,487
General Fund	730,339	692,638	621,844	(70,794)	658,467	627,344	(31,123)	(101,917)
State/Other Special	7,156,170	8,469,155	8,698,038	228,883	8,374,611	8,795,144	420,533	649,416
Federal Special	946,465	3,550,539	3,553,438	2,899	1,547,546	1,559,891	12,345	15,244
Proprietary	241,801	320,214	321,709	1,495	321,521	328,770	7,249	8,744
Total Funds	\$9,074,775	\$13,032,546	\$13,195,029	\$162,483	\$10,902,145	\$11,311,149	\$409,004	\$571,487

Executive Budget Comparison

The legislative budget is approximately \$571,000 higher than the executive proposal. General fund is reduced by \$101,917 over the biennium. Major changes from the Executive Budget include:

- All general fund is removed from the Apiary Program (\$38,177 over the biennium) and replaced with state special revenue to implement HB 62 and make the program self-supporting
- General fund within the Central Management Division is replaced with pesticide management state special revenue (\$33,356 in fiscal year 2004)
- General fund is replaced with pesticide management state special revenue within the Pesticide Management Program (\$22,960 over the biennium)
- The legislature did not approve the executive proposal to reduce Growth Through Agriculture funding from the coal severance tax shared state special revenue account (\$511,630 state special revenue increase over the biennium)
- The legislature reduced general fund by \$17,608 over the biennium. This reduction equals the department's share of a statewide personal services reduction
- The legislature passed HB 13, the state pay plan bill, which increased the following authority over the biennium: General fund - \$10,184; state special revenue - \$140,783; federal special revenue - \$15,244; and proprietary funding - \$8,749

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Leg. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Leg. Budget Fiscal 2005	Total Leg. Budget Fiscal 04-05
FTE	13.00	0.00	0.00	13.00	0.00	0.00	13.00	13.00
Personal Services	587,875	74,477	(4,870)	657,482	74,014	8,129	670,018	1,327,500
Operating Expenses	159,662	47,239	0	206,901	45,656	0	205,318	412,219
Equipment	8,938	0	0	8,938	0	0	8,938	17,876
Total Costs	\$756,475	\$121,716	(\$4,870)	\$873,321	\$119,670	\$8,129	\$884,274	\$1,757,595
General Fund	222,429	880	(42,160)	181,149	(33,295)	(8,804)	180,330	361,479
State/Other Special	417,166	118,325	36,700	572,191	150,449	14,394	582,009	1,154,200
Federal Special	66,894	(3,894)	0	63,000	(3,894)	0	63,000	126,000
Proprietary	49,986	6,405	590	56,981	6,410	2,539	58,935	115,916
Total Funds	\$756,475	\$121,716	(\$4,870)	\$873,321	\$119,670	\$8,129	\$884,274	\$1,757,595

Program Description

The Central Management Division (CMD) performs technical, fiscal, and administrative support functions for the department's internal operations and related programs. Responsibilities include accounting, budgeting, payroll, personnel, purchasing, property control, data processing, systems analysis and computer programming, equal opportunity administration, and legal support to all programs within the department. Included in this division is the director's office, which provides overall policy development for the department.

Program Narrative

Central Management Division Major Budget Highlights	
○	A portion of general fund within the Central Management Division is replaced with pesticide management state special revenue
○	Fund switch is used to cover indirect charges for the State Grain Laboratory

Funding

The following table shows program funding, by source, for the base year and for the 2005 biennium.

Program Funding Table Central Management Division							
Program Funding	Base Fiscal 2002	% of Base Fiscal 2002	Budget Fiscal 2004	% of Budget Fiscal 2004	Budget Fiscal 2005	% of Budget Fiscal 2005	
01100 General Fund	\$ 222,429	29.4%	\$ 181,149	20.7%	\$ 180,330	20.4%	
02040 Wheat & Barley Research & Mktg	60,180	8.0%	93,720	10.7%	120,672	13.6%	
02068 Noxious Weed Admin Account	67,374	8.9%	82,550	9.5%	84,361	9.5%	
02071 Anhydrous Ammonia Account	500	0.1%	1,210	0.1%	1,247	0.1%	
02192 Pest Ag Chemical Ground Water	64,802	8.6%	91,102	10.4%	93,167	10.5%	
02193 Pesticide Management Account	61,078	8.1%	159,808	18.3%	131,464	14.9%	
02198 Fert. Ag Chemical Ground Water	2,850	0.4%	2,986	0.3%	3,078	0.3%	
02264 Organic Certification	-	-	11,600	1.3%	12,210	1.4%	
02265 Fsi Produce	-	-	20,721	2.4%	21,750	2.5%	
02266 Comm Dealer/Pub Ware Oper Acct	16,478	2.2%	9,151	1.0%	9,566	1.1%	
02267 Nursery Account	11,106	1.5%	14,638	1.7%	15,346	1.7%	
02268 Produce Account	60,900	8.1%	30,968	3.5%	32,578	3.7%	
02269 Seed Account	5,263	0.7%	4,775	0.5%	5,055	0.6%	
02341 State Noxious Weed Forage	-	-	3,732	0.4%	3,979	0.4%	
02452 Commercial Fertilizer	32,525	4.3%	17,492	2.0%	18,421	2.1%	
02454 Commercial Feed	34,110	4.5%	27,738	3.2%	29,115	3.3%	
03120 Centralized Ser. - Grant Fund	66,894	8.8%	63,000	7.2%	63,000	7.1%	
06052 Hail Insurance	49,986	6.6%	56,981	6.5%	58,935	6.7%	
Grand Total	\$ 756,475	100.0%	\$ 873,321	100.0%	\$ 884,274	100.0%	

This program is funded with a mixture of general fund, state and federal special revenue, and proprietary funds, through assessments on the programs it supports. State and federal special revenue and proprietary-funded programs contained in HB 2 are assessed 20 percent of personal services and 2.5 percent of grants in order to compensate CMD for its services. General fund is used to make up the difference between this amount and the requested budget for CMD. This method of assessment to the programs is consistent with how the CMD has assessed programs in the past.

Present Law Adjustments										
-----Fiscal 2004-----					-----Fiscal 2005-----					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				102,075					101,593	
Vacancy Savings				(27,598)					(27,579)	
Inflation/Deflation				1,095					1,121	
Fixed Costs				2,336					(30,194)	
Total Statewide Present Law Adjustments				\$77,908					\$44,941	
DP 1 - Request for Operations and Equipment										
0.00	0	35,168	0	35,168	0.00	0	73,037	0	74,729*	
DP 2 - Microsoft Office Licensing										
0.00	0	6,953	0	8,640*	0.00	0	0	0	0	
Total Other Present Law Adjustments										
0.00	\$0	\$42,121	\$0	\$43,808*	0.00	\$0	\$73,037	\$0	\$74,729*	
Grand Total All Present Law Adjustments				\$121,716*					\$119,670*	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1 - Request for Operations and Equipment - The legislature approved additional state special revenue and proprietary fund authority for the following:

- Operating costs at State Grain Lab based on historical and projected usage
- Consulting and professional services for human resources projects (\$29,340 in fiscal 2005)

DP 2 - Microsoft Office Licensing - The legislature approved additional state special and proprietary fund authority to purchase software licenses. This funding will pay for approximately 50 licenses.

New Proposals										
Program	FTE	Fiscal 2004				FTE	Fiscal 2005			
		General Fund	State Special	Federal Special	Total Funds		General Fund	State Special	Federal Special	Total Funds
DP 655 - Personal Services Reduction										
15	0.00	(8,804)	0	0	(8,804)	0.00	(8,804)	0	0	(8,804)
DP 6800 - HB 13 - Pay Plan										
15	0.00	0	3,344	0	3,934*	0.00	0	14,394	0	16,933*
DP 8100 - CMD Fund Switch GF to Pesticide SSR										
15	0.00	(33,356)	33,356	0	0	0.00	0	0	0	0
DP 8102 - Fund Switch - Grain Services to Wheat and Barley										
15	0.00	0	0	0	0	0.00	0	0	0	0
Total	0.00	(\$42,160)	\$36,700	\$0	(\$4,870)*	0.00	(\$8,804)	\$14,394	\$0	\$8,129*

New Proposals

DP 655 - Personal Services Reduction - The legislature applied a further vacancy savings on general fund positions. This reduction equals 1.4 percent of general fund and 0.1 percent of total funds for this agency. This reduction was applied to one program, and language was added allowing the department to reallocate among programs as necessary.

DP 6800 - HB 13 - Pay Plan - The legislature passed a pay plan in HB 13 that provides an additional \$44 per month in insurance contributions in calendar 2004 and an additional \$50 per month in calendar 2005, as well as a \$0.25 per hour salary increase in the final six months of fiscal 2005. These amounts represent this program's allocation of costs to fund this pay plan. An additional \$44 per month in insurance contribution for the first six months of fiscal 2004 was not funded.

DP 8100 - CMD Fund Switch GF to Pesticide SSR - The legislature replaced \$33,356 of general fund with state special revenue from the pesticide management account in fiscal year 2004.

DP 8102 - Fund Switch - Grain Services to Wheat and Barley - The legislature approved a fund switch within the state special revenue fund type replacing grain services funding with wheat and barley research and marketing funds in the amount of \$32,566 in fiscal 2004 and \$57,566 in fiscal 2005. The intent of this fund switch is to exclude the State Grain Laboratory from paying indirect charges.

Language

"Item [Centralized Management Division] includes a reduction in general fund money of \$8,804 in fiscal year 2004 and \$8,804 in fiscal year 2005 for the statewide FTE reduction. The agency may allocate this reduction in funding among programs when developing 2005 biennium operating plans."

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Leg. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Leg. Budget Fiscal 2005	Total Leg. Budget Fiscal 04-05
FTE	56.17	0.00	2.50	58.67	0.00	2.50	58.67	58.67
Personal Services	2,020,206	244,474	128,973	2,393,653	245,900	188,576	2,454,682	4,848,335
Operating Expenses	919,093	120,552	217,365	1,257,010	130,881	217,364	1,267,338	2,524,348
Equipment	139,573	0	0	139,573	0	0	139,573	279,146
Grants	2,285,759	300,000	2,007,278	4,593,037	300,000	0	2,585,759	7,178,796
Total Costs	\$5,364,631	\$665,026	\$2,353,616	\$8,383,273	\$676,781	\$405,940	\$6,447,352	\$14,830,625
General Fund	181,198	(20,274)	(59,272)	101,652	(20,273)	(58,274)	102,651	204,303
State/Other Special	4,348,362	511,197	151,624	5,011,183	518,542	200,906	5,067,810	10,078,993
Federal Special	835,071	174,103	2,261,264	3,270,438	178,512	263,308	1,276,891	4,547,329
Total Funds	\$5,364,631	\$665,026	\$2,353,616	\$8,383,273	\$676,781	\$405,940	\$6,447,352	\$14,830,625

Program Description

The Agricultural Sciences Division (ASD) administers, manages, coordinates, and evaluates the major activities of pesticide and pest management, analytical laboratory services, noxious weed management, agricultural chemical groundwater management, and vertebrate pest management. This program administers the Montana Pesticides Act, Agricultural Chemical Groundwater Protection Act, Crop Insect Detection Act, Vertebrate Pest Management Act, Noxious Weed Trust Fund Act, elements of the Weed Assistance Act, and the department's Chemical Analytical Laboratory. Duties also include administering agricultural programs related to the production, manufacturing, and marketing of commodities exported from or distributed in the state.

Program Narrative

Agricultural Sciences Division Major Budget Highlights	
<ul style="list-style-type: none"> ○ The legislative budget eliminates general fund support for the Apiary Program within the Agricultural Sciences Division and replaces it with state special revenue authority. This action implements HB 62, which modifies the fee structure for apiary registration, and makes the program self-sufficient ○ Fund switch removes general fund from the Pesticide Program and replaces it with a like amount of state special revenue 	

Funding

The following table shows program funding, by source, for the base year and for the 2005 biennium.

Program Funding Table						
Agricultural Sciences Div.						
Program Funding	Base Fiscal 2002	% of Base Fiscal 2002	Budget Fiscal 2004	% of Budget Fiscal 2004	Budget Fiscal 2005	% of Budget Fiscal 2005
01100 General Fund	\$ 181,198	3.4%	\$ 101,652	1.2%	\$ 102,651	1.6%
02037 Mint Committee	22,178	0.4%	30,350	0.4%	30,350	0.5%
02068 Noxious Weed Admin Account	2,013,076	37.5%	2,296,545	27.4%	2,300,164	35.7%
02071 Anhydrous Ammonia Account	8,654	0.2%	17,909	0.2%	18,013	0.3%
02072 Emd Misc. S.S.	9,843	0.2%	12,543	0.1%	12,543	0.2%
02192 Pest Ag Chemical Ground Water	462,711	8.6%	527,693	6.3%	539,703	8.4%
02193 Pesticide Management Account	798,839	14.9%	958,757	11.4%	974,554	15.1%
02198 Fert. Ag Chemical Ground Water	17,745	0.3%	17,843	0.2%	18,163	0.3%
02264 Organic Certification	-	-	102,055	1.2%	103,794	1.6%
02265 Fsi Produce	-	-	186,213	2.2%	190,069	2.9%
02266 Comm Dealer/Pub Ware Oper Acct	96,172	1.8%	89,942	1.1%	93,029	1.4%
02267 Nursery Account	50,385	0.9%	78,678	0.9%	80,033	1.2%
02268 Produce Account	305,005	5.7%	135,703	1.6%	140,665	2.2%
02269 Seed Account	35,391	0.7%	60,130	0.7%	61,088	0.9%
02341 State Noxious Weed Forage	8,787	0.2%	38,054	0.5%	38,549	0.6%
02452 Commercial Fertilizer	250,792	4.7%	190,939	2.3%	196,244	3.0%
02454 Commercial Feed	268,784	5.0%	214,493	2.6%	217,513	3.4%
02792 Apiary Fees	-	-	53,336	0.6%	53,336	0.8%
03118 Marketing Service	835,071	15.6%	3,270,438	39.0%	1,276,891	19.8%
Grand Total	\$ 5,364,631	100.0%	\$ 8,383,273	100.0%	\$ 6,447,352	100.0%

The Agricultural Sciences Division receives a small portion (1.4 percent) from general fund, entirely in support of the Noxious Weed program.

The division's primary funding is from state special revenues. The noxious weed administration account receives a transfer from the general fund equal to \$1.50 for every vehicle registered in the state. The weed program is also funded by interest collected from the Noxious Weed Trust. Pesticide registration fees of \$185 per product are allocated \$95 to the groundwater state special revenue account and \$90 to the pesticide management state special revenue account. The pesticide management account also receives revenue from pesticide dealers and commercial, governmental, and farm application fees. Other state special revenues come from commercial feed and fertilizer registration and inspection fees. These fees include mint assessments, fees for anhydrous ammonia and commodity inspection, testing and license fees, and commercial dealer and public-warehouse operator license fees. Federal funds are from the market services account, which funds bovine spongiform and encephalitis (BSE/Mad Cow Disease) inspections, as well as portions of the pesticide and ground water programs supported by the Environmental Protection Agency (EPA) and pest detection program supported by the US Department of Agriculture (USDA).

Present Law Adjustments										
-----Fiscal 2004-----					-----Fiscal 2005-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					332,041					333,527
Vacancy Savings					(94,091)					(94,151)
Inflation/Deflation					4,471					5,295
Fixed Costs					40,449					47,474
Total Statewide Present Law Adjustments					\$282,870					\$292,145
DP 2 - Mint Committee Administrative Costs	0.00	0	8,412	0	8,412	0.00	0	8,392	0	8,392
DP 4 - Noxious Weed Grants	0.00	0	300,000	0	300,000	0.00	0	300,000	0	300,000
DP 6 - Correct Base Budget in RL31	0.00	0	0	0	0	0.00	0	0	0	0
DP 9 - Contracts for Inspections of Organic Applicants	0.00	0	20,000	0	20,000	0.00	0	20,000	0	20,000
DP 14 - Weed Seed Free Forage Supply Purchases	0.00	0	1,616	0	1,616	0.00	0	1,616	0	1,616
DP 15 - Advisory Councils Lodging and Per Diem	0.00	0	5,149	0	5,149	0.00	0	5,149	0	5,149
DP 17 - Pesticide Applicator Training	0.00	0	2,700	0	2,700	0.00	0	2,700	0	2,700
DP 18 - Waste Pesticide Disposal Program Disposal Cost	0.00	0	21,165	0	21,165	0.00	0	21,165	0	21,165
DP 19 - Field Office Rent Contracts	0.00	0	800	0	800	0.00	0	3,300	0	3,300
DP 20 - Federal Contract for Feed Inspections (BSE)	0.00	0	0	20,000	20,000	0.00	0	0	20,000	20,000
DP 21 - Restore Produce Inspector Overtime	0.00	0	2,314	0	2,314	0.00	0	2,314	0	2,314
Total Other Present Law Adjustments	0.00	\$0	\$362,156	\$20,000	\$382,156	0.00	\$0	\$364,636	\$20,000	\$384,636
Grand Total All Present Law Adjustments					\$665,026					\$676,781

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 2 - Mint Committee Administrative Costs - The legislature approved additional state special revenue for administrative costs associated with the Mint Committee, including, per diem, travel, program supplies, and contracted services for research on mint production and management of pests and weeds.

DP 4 - Noxious Weed Grants - The legislature approved an additional \$300,000 each year in state special revenue authority from the noxious weed administration account to accommodate an anticipated increase in grants due to increased revenues into the account.

DP 6 - Correct Base Budget in RL31 - The legislature approved an adjustment to correct a base-year accounting error. The net result of this adjustment is a switch within the state special revenue fund type from the produce account to the federal state inspections produce account of approximately \$42,000 each year.

DP 9 - Contracts for Inspections of Organic Applicants - The legislature approved an additional \$20,000 in each year of the biennium from the organic certification state special revenue fund. This increase will accommodate additional inspections of producer and handler operations to grant organic certification.

DP 14 - Weed Seed Free Forage Supply Purchases - The legislature approved an additional \$1,616 each year in state special revenue authority to purchase color-coded bailing twine to mark certified noxious weed seed free forage. Funding is from the state noxious weed forage fund.

DP 15 - Advisory Councils Lodging and Per Diem - The legislature approved an additional \$5,149 each year in state special revenue authority to carry forward base year costs and provide additional travel and per diem funding for members serving on the Noxious Weed Trust Fund, Organic Certification, and Noxious Weed Seed Free Forage advisory councils.

DP 17 - Pesticide Applicator Training - The legislature approved an additional \$2,700 each year in state special revenue authority for operational costs to provide training for recertification of pesticide applicators and dealers including speaker fees and increases in training room rental, travel costs, and supplies and materials.

DP 18 - Waste Pesticide Disposal Program Disposal Cost - The legislature approved an increase in state special revenue authority for the waste pesticide disposal program to accommodate projected expenditures.

DP 19 - Field Office Rent Contracts - The legislature approved additional state special revenue authority to pay increased rent for field offices. Rent will increase from the base year by \$800 in fiscal 2004 and \$3,300 in fiscal 2005.

DP 20 - Federal Contract for Feed Inspections (BSE) - The legislature approved increased federal special revenue authority to accommodate funding from the FDA to inspect and sample commercial feeds. The inspections will assure compliance with laws that prevent the spread of bovine spongiform and encephalitis (BSE/Mad Cow Disease), a devastating disease of cattle and humans.

DP 21 - Restore Produce Inspector Overtime - The legislature approved \$2,314 each year in state special revenue to restore the zero-based overtime for grade inspections of potatoes and other commodities.

New Proposals											
Program	FTE	Fiscal 2004				Fiscal 2005				FTE	Total Funds
		General Fund	State Special	Federal Special	Total Funds	General Fund	State Special	Federal Special	Total Funds		
DP 5 - Federal Discretionary Funding											
30	0.00	0	0	178,500	178,500	0.00	0	0	178,500	178,500	
DP 7 - Organic Program Fund Switch to State Special											
30	1.50	0	59,514	0	59,514	1.50	0	59,373	0	59,373	
DP 10 - USDA Cooperative Agricultural Pest Survey											
30	1.00	0	0	72,587	72,587	1.00	0	0	72,463	72,463	
DP 13 - USDA Forest Service Weeds and Fire Grants											
30	0.00	0	0	2,007,278	2,007,278	0.00	0	0	0	0	
DP 6800 - HB 13 - Pay Plan											
30	0.00	311	15,194	2,899	18,404	0.00	1,310	64,617	12,345	78,272	
DP 8000 - Apiary (Honey Bee) Fund Switch											
30	0.00	(48,103)	53,336	0	5,233	0.00	(48,104)	53,336	0	5,232	
DP 8101 - Fund Switch - General Fund to Pesticide Management											
30	0.00	(11,480)	11,480	0	0	0.00	(11,480)	11,480	0	0	
DP 8201 - Anhydrous Ammonia Insp. Fee Increase - HB 31											
30	0.00	0	12,100	0	12,100	0.00	0	12,100	0	12,100	
Total	2.50	(\$59,272)	\$151,624	\$2,261,264	\$2,353,616*	2.50	(\$58,274)	\$200,906	\$263,308	\$405,940*	

New Proposals

DP 5 - Federal Discretionary Funding - The legislature approved an additional \$178,500 each year in federal special revenue in anticipation of EPA discretionary funds becoming available for special pesticide programs involving training, enforcement, worker protection, endangered species, and ground water protection.

DP 7 - Organic Program Fund Switch to State Special - The legislature approved approximately \$59,000 each year in state special revenue authority to switch funding for the Organic Certification Program from general fund to organic certification state special revenue funding. This funding pays for program costs as well as 1.00 FTE to manage the program.

DP 10 - USDA Cooperative Agricultural Pest Survey - The legislature approved approximately \$72,000 in federal special revenue each year to establish 1.00 FTE and accommodate surveys and management of agricultural pests and to protect homeland security, to be funded by the USDA Animal and Plant Health Inspection Service.

DP 13 - USDA Forest Service Weeds and Fire Grants - The legislature increased federal special revenue authority by approximately \$2.0 million to accommodate federal funds for grants to counties and cooperative landowner associations for control of noxious weeds. Funds will be granted to the department by the USDA Forest Service. The legislature designated this appropriation as biennial.

DP 6800 - HB 13 - Pay Plan - The legislature passed a pay plan in HB 13 that provides an additional \$44 per month in insurance contributions in calendar 2004 and an additional \$50 per month in calendar 2005, as well as a \$0.25 per hour salary increase in the final six months of fiscal 2005. These amounts represent this program's allocation of costs to fund this pay plan. An additional \$44 per month in insurance contribution for the first six months of fiscal 2004 was not funded.

DP 8000 - Apiary (Honey Bee) Fund Switch - The legislature approved a fund switch to accommodate an apiary fee for the 2005 biennium. Net result of this request is a fund switch decreasing general fund by approximately \$48,000 and increasing state special revenue by approximately \$53,000 in each year of the biennium. This adjustment implements HB 62.

DP 8101 - Fund Switch - General Fund to Pesticide Management - The legislature approved a fund switch within the Pesticide Management Program reducing general fund and increasing state special revenue authority from the Pesticide Management Fund by \$11,480 in each year of the biennium

DP 8201 - Anhydrous Ammonia Insp. Fee Increase - HB 31 - The legislature added \$12,100 each year in state special revenue authority from the Commercial Fertilizer state special revenue fund to accommodate HB 31, which added responsibilities for the inspection of anhydrous ammonia inspection facilities and increased the fees for accomplishing those inspections.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Leg. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Leg. Budget Fiscal 2005	Total Leg. Budget Fiscal 04-05
FTE	39.88	0.00	0.00	39.88	0.00	0.00	39.88	39.88
Personal Services	935,294	648,440	10,723	1,594,457	648,915	46,694	1,630,903	3,225,360
Operating Expenses	1,157,644	208,803	0	1,366,447	213,445	0	1,371,089	2,737,536
Equipment	0	66,800	0	66,800	66,800	0	66,800	133,600
Grants	780,731	50,000	0	830,731	50,000	0	830,731	1,661,462
Transfers	80,000	0	0	80,000	0	0	80,000	160,000
Debt Service	0	0	0	0	0	0	0	0
Total Costs	\$2,953,669	\$974,043	\$10,723	\$3,938,435	\$979,160	\$46,694	\$3,979,523	\$7,917,958
General Fund	326,712	10,708	1,623	339,043	10,711	6,940	344,363	683,406
State/Other Special	2,390,642	715,832	8,190	3,114,664	719,639	35,044	3,145,325	6,259,989
Federal Special	44,500	175,500	0	220,000	175,500	0	220,000	440,000
Proprietary	191,815	72,003	910	264,728	73,310	4,710	269,835	534,563
Total Funds	\$2,953,669	\$974,043	\$10,723	\$3,938,435	\$979,160	\$46,694	\$3,979,523	\$7,917,958

Program Description

The Agricultural Development Division administers programs to promote Montana agriculture through market development and enhancement. Assistance is given in support of commercializing traditional, as well as innovative, agricultural products and processes. The program provides support to the Alfalfa Seed Committee, the Montana Wheat and Barley Committee, the Montana Agricultural Development Council, and the Board of Hail Insurance. The division is comprised of the Rural Development, Wheat and Barley, Agriculture Marketing and Business Development, and State Grain Laboratory bureaus. The State Grain Laboratory provides grades, protein determinations, malting barley germination, and falling number tests to establish contract settlement prices between buyers and sellers of grain crops in Montana.

Program Narrative

Agricultural Development Division Major Budget Highlights	
<ul style="list-style-type: none"> ○ The legislative budget carries through Growth Through Agriculture funding from the coal severance tax shared account at the fiscal 2002 levels ○ State grain lab is funded at a level which anticipates “average” year costs, as the base year expenditures reflect a drought-induced reduction in activity ○ Other increases are due primarily to statewide present law adjustments, funding of the statewide pay plan, and a projected increase in federal funds 	

Funding

The following table shows program funding, by source, for the base year and for the 2005 biennium.

Program Funding Table							
Agricultural Development							
Program Funding	Base Fiscal 2002	% of Base Fiscal 2002	Budget Fiscal 2004	% of Budget Fiscal 2004	Budget Fiscal 2005	% of Budget Fiscal 2005	
01100 General Fund	\$ 326,712	11.1%	\$ 339,043	8.6%	\$ 344,363	8.7%	
02040 Wheat & Barley Research & Mktg	1,683,340	57.0%	1,701,012	43.2%	1,707,227	42.9%	
02066 Agriculture In Mt Schools Act.	12,002	0.4%	6,500	0.2%	6,500	0.2%	
02268 Produce Account	5,001	0.2%	5,001	0.1%	5,001	0.1%	
02340 Coal Sev. Tax Shared Ssr	386,474	13.1%	450,065	11.4%	452,355	11.4%	
02453 Grain Services	279,107	9.4%	927,330	23.5%	949,455	23.9%	
02461 Alfalfa Seed Assessment	24,718	0.8%	24,756	0.6%	24,787	0.6%	
03225 Emap Grant/Agriculture	44,500	1.5%	220,000	5.6%	220,000	5.5%	
06052 Hail Insurance	191,815	6.5%	264,728	6.7%	269,835	6.8%	
Grand Total	\$ 2,953,669	100.0%	\$ 3,938,435	100.0%	\$ 3,979,523	100.0%	

General fund provides 9 percent of the Agricultural Development Division's funding and supports administration, agricultural marketing, and agricultural statistics functions. Non-general funds provide 91 percent of the Agricultural Development Division funding. State and other special revenues consist of wheat and barley sales tax, grain testing fees, alfalfa seed assessments, income-tax checkoffs for Agriculture in Montana Schools, and private donations. Additionally, the Growth Through Agriculture (GTA) Program receives a share of 7.75 percent of coal severance tax collections, which is used to fund grants and operations of the Agriculture Development Council in conjunction with the GTA program. Proprietary funds come from hail insurance premiums.

Present Law Adjustments										
-----Fiscal 2004-----					-----Fiscal 2005-----					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				549,087					548,706	
Vacancy Savings				(59,374)					(59,363)	
Inflation/Deflation				1,067					1,524	
Fixed Costs				(1,056)					3,619	
Total Statewide Present Law Adjustments				\$489,724					\$494,486	
DP 6 - Increase in Federal Authority	0.00	0	185,084	185,084	0.00	0	0	184,542	184,542	
DP 10 - State Hail Insurance Base Adjustment	0.00	0	0	20,044*	0.00	0	0	0	20,096*	
DP 11 - State Grain Laboratory Base Adjustment	0.00	0	269,891	269,891	0.00	0	270,736	0	270,736	
DP 16 - Per Diem Requests	0.00	0	9,300	9,300	0.00	0	9,300	0	9,300	
Total Other Present Law Adjustments	0.00	\$0	\$279,191	\$484,319*	0.00	\$0	\$280,036	\$184,542	\$484,674*	
Grand Total All Present Law Adjustments				\$974,043*					\$979,160*	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 6 - Increase in Federal Authority - The legislature approved additional federal special revenue authority to accommodate increased federal funding for marketing projects from Western United States Agriculture Trade Association (WUSATA), Federal State Marketing Improvement Program (FSMIP), and market development trade missions.

DP 10 - State Hail Insurance Base Adjustment - The legislature approved an increase in proprietary funding of approximately \$20,000 per year to accommodate anticipated expenditures from the Hail Insurance fund. The increase restores funding to accommodate a normal level of services, following a period of reduced activity due to the impacts of drought upon the agriculture industry.

DP 11 - State Grain Laboratory Base Adjustment - The legislature approved additional state special revenue authority of approximately \$270,000 each year to bring the State Grain Laboratory budget in line with anticipated/potential expenditures. The increase restores funding to accommodate a normal level of services, following a period of reduced activity due to the impacts of drought upon the agriculture industry.

DP 16 - Per Diem Requests - The legislature approved state special revenue authority of approximately \$9,000 each year to restore zero-based per diem to the level spent in the base year.

New Proposals										
-----Fiscal 2004-----						-----Fiscal 2005-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6800 - HB 13 - Pay Plan										
50	0.00	1,623	8,190	0	10,723*	0.00	6,940	35,044	0	46,694*
Total	0.00	\$1,623	\$8,190	\$0	\$10,723*	0.00	\$6,940	\$35,044	\$0	\$46,694*

New Proposals

DP 6800 - HB 13 - Pay Plan - The legislature passed a pay plan in HB 13 that provides an additional \$44 per month in insurance contributions in calendar 2004 and an additional \$50 per month in calendar 2005, as well as a \$0.25 per hour salary increase in the final six months of fiscal 2005. These amounts represent this program's allocation of costs to fund this pay plan. An additional \$44 per month in insurance contribution for the first six months of fiscal 2004 was not funded.